

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGRE-00 AID-05 COME-00 SP-02

L-03 IGA-02 OMB-01 TRSE-00 CIAE-00 INR-07 NSAE-00

EA-09 IO-14 /061 W

-----054959 141816Z /41

P R 140806Z JUL 77

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 2829

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

UNCLAS SECTION 1 OF 2 ISLAMABAD 7195

PASS AGRICULTURE AND AID

E.O. 11652: N/A

TAGS: EAID, EAGR, PK

SUBJ: EDIBLE OIL SUPPLY AND DEMAND DATA FOR PAKISTAN

REF: A. ISLAMABAD 6925, B. ISLAMABAD 3765

SUMMARY: THIS MESSAGE TRANSMITS OUR ANALYSIS OF SUPPLY AND DEMAND FOR EDIBLE OIL IN PAKISTAN IN FY 1978, AND OUR RECOMMENDATION FOR APPROVAL OF GOP REQUEST FOR 50,000 MT OF ADDITIONAL PL 480 EDIBLE OIL DURING US FY 1977. WE REALIZE AVAILABILITY MAY BE A PROBLEM GOP NOW ESTIMATES A 6-7 PERCENT INCREASE IN EDIBLE OIL REQUIREMENTS IN PAKISTAN FISCAL YEAR 1977-78 COMPARED WITH 1976-77 (JULY 1- JUNE 30). TAKING INTO ACCOUNT THE HOPED FOR INCREASE IN PRODUCTION OF 34 PERCENT-WHICH MAY BE OPTIMISTIC- THE GOP ESTIMATES FOR EDIBLE OIL IMPORTS IN ITS FY 1978 IS THEREFORE 249,000 MT OR 7 PERCENT BELOW FY 1977. OF THIS, 60,000 MT IN COMMERCIAL IMPORTS HAVE ALREADY BEEN ARRANGED. GOP WILL BE LOOKING TO PL-480 TO FINANCE A LARGE PORTION OF THE REST. THE ADDITIONAL 50,000 TONS THE GOP HAS REQUESTED FOR SHIPMENT DURING THE FINAL QUARTER OF OUR FY 1977 WOULD, IF APPROVED, UNCLASSIFIED

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MEET MOST OF THE LARGE SEPT-NOVEMBER 1977 IMPORT REQUIREMENTS WHICH HAVE NOT YET BEEN ARRANGED. THE GOP HAS NOT YET FORMALLY APPROACHED US WITH AN OVERALL REQUEST FOR EDIBLE OIL ASSISTANCE BEYOND THE END OF US FY 1977 AND WE ASSUME IT HAS ALSO NOT APPROACHED OTHER DONORS. WE ALSO ASSUME, HOWEVER, THAT AS IN THE PAST PAKISTAN WILL BE LOOKING TO PL-480 TO FINANCE A MAJOR PORTION OF ITS EDIBLE OIL REQUIREMENTS,

WHETHER OR NOT THE ADDITIONAL ALLOCATION IN US FY 1977 IS
APPROVED. CT RECOMMENDS APPROVAL OF REQUEST FOR 50,000
TONS PL-480 VEGOIL IF SUPPLIES ARE AVAILABLE. END SUMMARY.

1. THIS MESSAGE PRESENTS CURRENT SUPPLY AND DEMAND INFORMATION
ON PAKISTAN'S EDIBLE OIL POSITION. REF A REPORTS ON STATUS
OF GOP UNDERTAKING TO DEVELOP A STRATEGY FOR INCREASING
DOMESTIC PRODUCTION.

2. FOLLOWING ACTUALS FOR PAKISTAN FISCAL YEAR 1976/77 AND
PROJECTIONS FOR 1977/78 BASED ON INFORMATION PROVIDED
BY THE MINISTRY OF AGRARIAN MANAGEMENT, PARENT
ORGANIZATION OF PAKISTAN EDIBLE OIL CORPORATION, 1976-77 PLANS
ARE FROM AIDE MEMOIRE SUBMITTED IN JUNE 1976. (ALL DATA
IN THOUSANDS OF METRIC TONS).
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INFO OCT-01 NEA-10 ISO-00 AGRE-00 AID-05 COME-00 SP-02
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IO-14 EA-09 /061 W

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P R 140806Z JUL 77
FM AMEMBASY ISLAMABAD
TO SECSTATE WASHDC PRIORITY 2830
INFO AMCONSUL KARACHI
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UNCLAS SECTION 2 OF 2 ISLAMABAD 7195

PASS AGRICULTURE AND AID

	1976-77 PLANNED	1976-77 ACTUAL	1977-78 PLANNED
OPENING STOCKS	44	86	81
PRODUCTION	268	156	209
IMPORTS	173	268	249
AVAILABILITIES	485	510	539
DIRECT CONSUMPTION	66	66	73
PEOC CONSUMPTION	350	363	385
CLOSING STOCKS	69	81	81

3. THE DEMAND AND SUPPLY SCHEDULES PRESENTED ABOVE REPRESENT ABOUT A THREE PERCENT INCREASE IN PER CAPITA CONSUMPTION OF EDIBLE OIL IN 1977-78. THE PRODUCTION TARGET OF 209,000 MT IS BASED ON A GOP COTTON CROP TARGET OF 3.5 MILLION BALES, WHICH MAYBE SOMEWHAT OPTIMISTIC.

4. OF ESTIMATED REQUIREMENT OF 249 000 MT IMPORTS DURING THIS CURRENT GOP FISCAL YEAR 60,000 MT ARE ARRANGED. 32,000 MT ARE US SOURCE SOYBEAN OIL (WITH CCC FUNDING) AND 28,000 MT ARE PALM OIL PURCHASED FOR CASH FROM INDONESIA
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AND MALAYSIA AT CURRENT PRICES. TOTAL COST OF 249,000 MT IS ABOUT DOLLARS 150 MILLION, A SIGNIFICANT 7 PERCENT OF TOTAL IMPORTS OF GOODS AND SERVICES. PAKISTAN WILL APPROACH OTHER DONORS FOR ASSISTANCE WITH EDIBLE OIL IMPORTS (NOTABLY EEC FOR BUTTER OIL). WE ANTICIPATE RESPONSE WILL MEET ONLY INSIGNIFICANT PORTION OF REQUIREMENT, BUT WE HAVE NO CURRENT INFORMATION ON OTHER DONOR COMMITMENTS.

5. REF B REPORTED GOP REQUEST FOR PL-480 FINANCING OF AN ADDITIONAL 50,000 MT OF EDIBLE OIL IMPORTS FROM THE U.S. IN THIS U.S. FISCAL YEAR. THESE IMPORTS WOULD BE EXPECTED TO MEET PART OF THE PROJECTED IMPORTS FOR THE REMAINDER OF THE CY, 78,000 MT OF WHICH ARE NOT YET ARRANGED.

PROJECTED IMPORTS ARRIVALS: EDIBLE OIL
(000 OF MT TONS)

JULY 1977:	25	JANUARY 1978:	9
AUGUST 1977	20	FEBRUARY 1978:	12
SEPTEMBER 1977:	30	MARCH 1978 :	24
OCTOBER 1977	30	APRIL 1978:	24
NOVEMBER 1977:	24	MAY 1978 :	20
DECEMBER 1977:	9	JUNE 1978 :	22

TOTAL: 249

6. ALTHOUGH THE GOP HAS NOT YET PRESENTED US OR, WE ASSUME, OTHER POTENTIAL DONORS WITH AN OVERALL REQUEST FOR EDIBLE OIL AID IN PAKISTAN FY 1978, WE ASSUME THAT SUCH A REQUEST WILL BE FORTHCOMING AND THAT THE GOP WILL BE LOOKING TO US FOR SUBSTANTIAL PL 480 EDIBLE OIL DURING US FY 1978 AS WELL.

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7. ACTION REQUESTED: WE RECOMMEND FAVORABLE CONSIDERATION
OF GOP REQUEST FOR PL 480 FINANCING OF 50,000 MT OF
EDIBLE OIL TO BE CHARGED TO FY 1977 FUNDS WITH SHIPMENT
IN AUG -SEPT. FOR ARRIVAL IN OCT. WE UNDERSTAND THAT
AVAILABILITY MAY BE A PROBLEM, BUT WOULD APPRECIATE EARLY
INDICATION OF WHAT WILL BE POSSIBLE.
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